

## **Namoi Cotton Limited (Namoi Cotton) Records Strong Half-Year 2017/18 Financial Results**

Namoi Cotton recorded a net profit after tax of \$15.8m for the half year ended 31 August 2017, compared with a net profit after tax of \$7.4m in the previous corresponding half year. As the majority of revenues are recorded in the first half of the year with ginning maintenance expenses incurred in the second half of the year, Namoi Cotton expects its financial results for the full year to be a net profit after tax of between \$4.5m to \$7.5m.

Mr Jeremy Callachor, CEO, commented: “A 38% increase in the 2017 Australian crop size underpinned an improvement from the prior half year in Namoi Cotton’s ginning and cotton seed volumes along with Namoi Cotton Alliance’s (NCA) lint procurement volumes. Cotton seed trading margins improved considerably through effective risk and position management, market volatility related trading opportunities and seed yield management. Ginning margins were pressured through increased unit variable costs associated with reduced productivity from poorer quality cotton. The contribution from NCA improved from the prior half year due primarily to a more stable environment for Australian basis and effective position risk management. These factors all combined to deliver a \$6.4m improvement from the prior half year in net cash flows from operating activities. Our forecast full year net cash flows from operating activities is expected to be within our previous market guidance of between \$17m and \$22m.”

Key operational highlights in these half year results, include:

- Ginning volumes, including 100% of joint venture bales were 1,015,000 bales (2016: 689,000 bales);
- The cotton seed business shipped 224,000mt (2016: 140,000mt);
- NCA procured total marketing volumes of 634,000 bales (2016: 507,000 bales); and
- NCA’s packing volumes were 114,000mt (2016: 47,500mt)

Mr Callachor added: “With the exception of the Gwydir and Namoi valleys, public dam storage levels exceed those levels from the same time last year, providing support for another large Australian cotton crop in 2018. The recent general rainfall events will also support the 2018 crop lowering irrigation requirements for the early part of the crop growing cycle. Planting is now approximately 75% complete with our current forecast of the 2018 Australian crop standing at 4.2m bales, up 11% from the 2017 crop.”

Mr Stuart Boydell, Chairman, commented: “We are extremely pleased with this half year result which has been well supported through increased volumes in each area of our business. This strong financial result follows on from our recent restructure to Namoi Cotton Limited on 10 October 2017 providing an important platform for the Namoi Cotton business to further grow and prosper. We continue to work through the details of a capital raising to facilitate implementation of the strategic plan.”

The directors have elected not to declare an interim dividend (2016: nil).

### **For further information, please contact:**

Namoi Cotton Limited  
Jeremy Callachor  
Chief Executive Officer  
(07) 4631 6104  
<end>

### **Namoi Cotton’s Shareholding Limit and Grower Director Representation Rule**

The Constitution of Namoi Cotton contains provisions that limit a person’s shareholdings until at least Namoi Cotton’s 2021 AGM (and thereafter, subject to renewal). If a shareholder acquires ordinary shares in excess of the Shareholding Limit, all rights (including voting rights, dividend rights and rights in a winding up) in respect of the excess shares are suspended and the excess shares are

subject to divestment. The shareholder must also refund a dividend or distribution to which the shareholder is not entitled to as a result of its holding of the excess shares.

The Constitution of Namoi Cotton also contains provisions that require the Board to be comprised of an equal number of Grower Directors and Non-Grower Directors until at least Namoi Cotton's 2022 AGM (and thereafter, subject to renewal). For a summary of these provisions please refer to Namoi Cotton's website. The provisions can also be found in the Constitution.